

For 1997-98 — Secretary-Treasurer's Report

UNIVERSITY CENTER



Tau Bates at the District 10 Conference held in New Orleans, LA, last February.

Secretary's Report

The overall year was excellent in most respects, despite the loss of Bob Nagel and declining membership. Chapters reported nearly 1,800 projects. Overall trust performance and support by alumni through volunteer efforts and their gifts were impressive. Corporate support of THE BENT set a record.

Chapters. The 1997 Convention granted a charter to Morgan State University, formally established as Maryland Epsilon on March 7, 1998. A sketch of the institution and account of the installation was published in THE BENT. No inspection team visit was made. No petition for a new chapter was received.

Tau Beta Pi has chartered 59 alumni chapters; none was added this year. Thirteen units are active, and their activities are regularly reported in THE BENT.

The Annual Chapter Survey was conducted in the spring of 1998. A total of 155 chapters (down from 162) completed surveys, and a report on their contents will be published in the September 1998 BULLETIN. Special anniversary celebra-

tions were held during the year by Illinois Alpha (100th), New York Kappa (50th), Kentucky Beta (25th), and Ohio Iota (25th). Bent monuments were dedicated by Louisiana Epsilon, New Mexico Beta, and Washington Gamma.

Membership. The chapters initiated 8,000 new members in 1997-98. This total is four percent below the previous year's and is the lowest one since 1976-77. The total included 7,579 undergraduates, 249 graduate students, 100 alumni, and 72 eminent engineers. Tau Beta Pi's total initiated membership on July 31, 1998, was 423,324, of whom an estimated 43,000 are deceased.

During the school year about 25,997 engineering students in the 220 Tau Beta Pi chapter schools were scholastically eligible for membership because they stood in the top fifth of their senior or the top eighth of their junior classes. About 47.4% of these were members of Tau Beta Pi at the close of the year, down from 49% the previous year. About 4.2% were rejected for membership, chiefly because of the chapters' higher-than-national re-

quirements for membership, or requested that their initiations be postponed to a later date. The remaining 48.4% indicated their lack of interest in membership, up from 44% the year before.

Tau Beta Pi chapter schools graduate about 93% of all B.S. engineers completing their undergraduate education at 317 ABET-accredited and 17 other schools. Twenty-two chapters held only one election and initiation of new members during the year; all others held two or more. Five chapters held unapproved initiations. Two members resigned during the year, and none was expelled.

Convention. The 92nd Convention of Tau Beta Pi was held in October 1997 in Minneapolis with Minnesota Alpha as the host. The meeting was fully reported in THE BENT and THE BULLETIN. The 1998 Convention will be held in Manhattan with Kansas Gamma as host, and the 1999 meeting will be hosted by Wisconsin Alpha in Madison.

The 1997 Convention approved and the chapters ratified two amendments to the Constitution and Bylaws of the Asso-



Former Secretary-Treasurer Robert H. Nagel led the yell at the last Convention — his 51st!

ciation: to allow members of an Executive Council to reside anywhere and to extend the time limits for chapter actions. The Convention approved an amendment to the Bylaws to clarify the minimal number of accredited programs that a petitioning institution should have. The Convention decided to use the 1997 reimbursement schedule for the 1998 Convention.

The delegates also: accepted an invitation from California Alpha, Gamma, and Kappa to host the 2000 Convention in San Francisco (which acceptance was later approved by the Executive Council); resolved that for purposes of the 1997 Executive Council election that Council members may reside anywhere in the U.S.A. and its territories; renamed the Tau Beta Pi Standard of Excellence in Liberal Culture Award and modified the description of procedures for the award; decided to provide sources of child-care facilities and to reimburse partial child-care expenses up to \$150 to voting delegates at future Conventions; reviewed and modified the eligibility-list privacy documents about the federal Family Educational Rights and Privacy Act of 1974 that are available to chapters and registrars; and reviewed the schedule of chapter fines before referring that topic to the 1998 Convention for further study.

Officials. The current Executive Council of Tau Beta Pi, elected for the 1994-98 term, is comprised of President E.D. Basta, Vice President E.W. Beans, and Councillors R.O. Barr Jr., M.K. Brennan, and J.R. Luchini. The Councillors all reside in Michigan and Ohio in accord with the former "Package Council" plan.

The Mid-Atlantic slate of Council candidates was elected by the 1997 Convention and will serve the 1998-2002 term. It has already named its officers. The group consists of President D.M. Green, Vice President E.J. D'Avignon, and Councillors J.A. Atkins, C.P. Rice, and G.D.

Peterson. The new Council will be formally installed at the closing meeting of the 1998 Convention.

Tau Beta Pi has three appointed officers with responsibilities in major areas of Association interest: D.S. Pierre Jr. serves as Director of Fellowships, A.R. Hirsch serves as Director of Rituals, and R.M. Hickling serves as Director of Engineering Futures. Members of Tau Beta Pi's Fellowship Board include H.J. Chaya, S.L. Holl, and V.A. Marsocci. The Trust Advisory Committee, which directs the investment activities of the corporate trustee, includes R.F. Smith (chair), R.C. Clark, and J.W. Johnson Jr. The District Directors at the end of the year were:

District 1	Henry H. Houh Sarath Krishnaswamy Keith S. Wilberg
District 2	Lisa C. Pawlak Thomas A. Pinkham IV Jason Rogan Henry R. Szwed
District 3	Nila D. Bhakuni Michael D. Malmstrom
District 4	Donald W. Ausherman J.S. Bibb III Russell L. Werneth
District 5	L.-K. "Jimmy" Lin Russell W. Pierce John D. Reynolds
District 6	Karen Casey Joseph J. Hanby Ellen D. Styles
District 7	Annette M. Brenner Barry L. Frost III Heather E. Havens Elizabeth A. Stephan
District 8	Michael J. Cunningham Stacey L. Forkner Bonnie H. Jaffe
District 9	Joseph G. Macro Charles W. Caldwell E. Randolph Fowler
District 10	Kelly J. Hammar Daniel A. Kamat Anny B. Mosher
District 11	Christina M. Harrison James C. Hill
District 12	Jack M. Meena Larry A. Simonson
District 13	Richard W. Mead Rick I. Zadoks
District 14	Edward L. Tezak
District 15	Sherry D. Jennings-King Bjorn A. Jensen

The headquarters staff, located on the campus of the University of Tennessee in Knoxville, includes Secretary-Treasurer J.D. Froula, Assistant Secretary-Treasurer R.E. Hawks, and nine additional employees. Secretary-Treasurer Emeritus R.H. Nagel passed away on October 19, 1997, at the age of 79.

District Program. Each of the 15 Districts held conferences during the past year. In addition, all Districts held meetings at the 1997 Convention, and District Directors visited many chapters during the year. The Directors and the Executive Council met in Knoxville, TN, in June 1998 and discussed means for improving regional activities and communications and helping the collegiate chapters.

Engineering Futures. A total of 136 training sessions in developing the leadership skills of student members was presented by 49 volunteer facilitators during 1997-98. This program helps to prepare engineering students for their careers by enhancing their technical effectiveness through interpersonal-skills and teamwork-development seminars.

Fellowships. The Summer 1998 BENT carried reports by Tau Beta Pi's 64th fellowship group of 34 students, 15 with stipend, who were selected in the spring of 1997. The 65th group, comprising 35 students — 19 with stipend — will do graduate work in 1998-99 and was announced in the Summer 1998 BENT. Fellows with stipends are paid cash grants of \$10,000 each. Six James Fife Fellowships, sponsored by an irrevocable trust bequeathed by William Fife, CA A '21, were given. The second winner of the Raymond A. and Ina C. Best Scholarship will also receive a \$10,000 stipend.

Awards. Tau Beta Pi's top chapter prize, the R.C. Matthews Outstanding Chapter Award, was given to New Hampshire Alpha for the excellence of its total program in 1996-97. Honorable mention was awarded by the Convention committee to Iowa Alpha. The R.H. Nagel Most Improved Chapter Award went to Florida Epsilon, with honorable mention to Rhode Island Alpha.

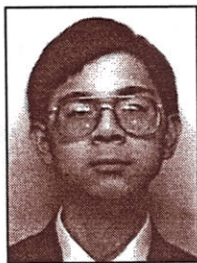
The Executive Council made one Chapter Project Grant under the Greater Interest in Government Program. The headquarters staff gave 64 Secretary's Commendations to chapters for the perfection of their reports to the headquarters office in 1996-97 and 19 Chapter Project Awards for ingenuity and creativity in project work.

The Executive Council gave 19 Resolutions of Appreciation, seven Distinguished Service Awards, six Superior Service Awards, five Exemplary Service Awards, and one Meritorious Service Award during the year for long and outstanding service as advisors to the collegiate chapters and as national officers and facilitators of the Association.

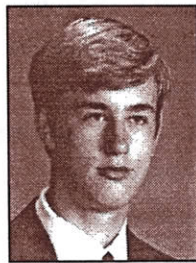
The National Outstanding Advisor Award was presented to the fifth winner, who was selected in 1998 from four nominees by a selection committee of engi-



Cheryl A. Barkauskas
LaCrosse, WI



Henri Chen
Ellicott City, MD



Brendan J. Dixon
Los Angeles, CA



Gary C. Lee
Baton Rouge, LA



Robert E.L. Schindler
Houston, TX



Jason L. Walther
Anchorage, AK

Six students are 1998 national winners of Tau Beta Pi-*SAE Engineering Scholarships*—\$1,000 grants for their first year of college. Cheryl is attending Washington University, Henri is enrolled at Yale University, Brendan is studying at Stanford University, Gary is attending MIT, Robert is enrolled at the University of Texas at Austin, and Jason is studying at Stanford University. They were chosen from more than 3,400 national applicants.

neering deans: A.C. Cogley (chair), J.B. Stevens, and M.P. Polis. The winner of a \$1,000 cash award and an equal sum to be presented to his dean's discretionary fund is John A. Tucker, Massachusetts Beta Advisor.

The Standard of Excellence in Liberal Culture Award, established by the 1993 Convention for a continuing trial period, was presented for the first time to two alumni: Chandra S. Brahma, *California Rho '62*, and John W. Mincy, *Alabama Epsilon '70*.

Laureates. Two winners were selected from 14 nominees in June 1998 by a selection committee of District Directors: J.J. Hanby (chair), B.H. Jaffe, and S. Krishnaswamy. The new Laureates will be announced at the 1998 Convention, when their \$2,500 cash awards will be presented.

Scholarships/Grants. In the Tau Beta Pi Scholarship Program to recognize high-performing chapters, a total of 20 scholarships of \$500 each was presented to students in 18 chapters. No Special Assistance Grant was made to a deserving undergraduate. Six \$1,000 grants for the first year of college study in 1998-99 for incoming freshman engineering students were provided by the Association (for a total of 12) through the national scholarship program conducted by the Society of Automotive Engineers.

Alumni Giving. Tau Beta Pi's 1997 annual Alumni Giving Program brought gifts of \$655,366 (up 1%) from 16,995 donors (down 2%), including 1,623 new donors (down 7%). Their names were published in the Winter and Spring 1998

issues of THE BENT. Included in the total are gifts of \$14,893 allocated to the Fellowship Program from 130 companies that match gifts from employees. The 1998 Alumni Giving Program was begun in March, and the response by July 31 reached \$478,370 from 12,552 members. The Society uses professional assistance in the conduct of this program; the national officers are deeply grateful to the generous alumni whose gifts fund important programs that help our chapters and student members.

Other Activities. Tau Beta Pi has maintained its affiliation with the American Association for the Advancement of Science, its association membership in the American Society for Engineering Education, and its affiliations with the Association of College Honor Societies and the American Association of Engineering Societies. The Secretary-Treasurer is Tau Beta Pi's official representative to these organizations, although other officers of the Association occasionally attend their meetings. Tau Beta Pi is also an affiliate of the Junior Engineering Technical Society, which works with high-school students across the country.

The Association was a contributing society to National Engineers Week 1998 and was represented at the inauguration of the new president of Wesleyan College.

Tau Beta Pi has maintained its classification under Section 501(c)(3) of the U.S. Internal Revenue Code as a tax-exempt, charitable and educational, non-private organization and is exempt from sales tax in 13 states. The collegiate chapters are separately classified under Section 501(c)(7) of the code.

Treasurer's Report

The financial condition of Tau Beta Pi at the close of the fiscal year was excellent. Assets increased in 1997-98 by \$788,000 to a total of \$12,136,291. Excess of revenue over expense for the year was just over \$693,000.

Statement of Financial Position.

Nearly all of the asset increase for the year was in investments.

The several named trust funds are commingled and invested under the jurisdiction of the Tau Beta Pi Trust Advisory Committee. The trustee is the trust department of the National City Bank in Cleveland, OH. The trustee performed satisfactorily during the year, and the status of the trust at the end of the year was excellent. Investment earnings of the funds, less trustee fees and excluding capital gains resulting from security transactions, are used for the purposes indicated by the fund titles: paying for BENT magazines delivered to life subscribers, helping to pay fellowship and scholarship stipends, paying project grants to winners in the Greater Interest in Government Program, helping to support the Convention, and financing many useful activities of the collegiate chapters. Overall net earnings of the trust funds, including security sales, were 10.2%; the previous year's figure is 31.7% the highest rate ever. Net earnings were \$1,115,498.

Securities held by the trustee on July 31, 1998, are carried at market value of \$11,669,154 an increase of 6.5% over the previous year, and are comprised of holdings in eight non-overlapping, no-load mutual funds. Equity securities constituted 80% of the total trust funds.

The current liability in fellowships/scholarships is for those stipends committed in 1997-98 for payment to student winners in 1998-99. The 1998 Convention liability includes the assessments paid by new initiates during the year and \$7,850 in gifts from 12 corporate sponsors. The deferred BENT-subscription liability is for both annual subscriptions and also the four-year subscriptions for new members included in the national initiation fee. The liability for delivering future magazines under four-year subscriptions is entered on the books at the time of initiation.

The increase in BENT life subscription liability resulted from the 857 new life subscribers. Life subscription fees are recorded as a liability because of the commitment against the annual earnings of those fees to pay for copies of THE BENT to be delivered. This liability represents the total value of all life subscriptions in force on July 31, 1998, at their enrollment-fee prices. On the deaths of

THE TAU BETA PI ASSOCIATION
STATEMENT OF FINANCIAL POSITION
On July 31, 1997 and 1998

ASSETS			LIABILITIES AND NET ASSETS		
<i>Current Assets</i>	1998	1997	<i>Current Liabilities</i>	1998	1997
Cash and cash equivalents	\$ 166,750	\$ 110,490	Accounts payable:		
Receivables:			Chapters	\$ 12,121	\$ 11,111
Student loans	100,624	85,615	Laureate awards	5,000	5,000
Chapters	15,450	15,330	Fellowships/Scholarships	226,000	166,000
BENT life subscription installments	50,195	54,834	Other	8,418	9,171
Other	13,041	10,826	Accrued expenses	21,131	15,029
Less allowance for doubtful accounts	-390	-447	Deferred Convention revenue	31,826	35,346
Inventory	19,824	22,141	Deferred BENT subscription revenue	<u>62,570</u>	<u>63,669</u>
Prepaid expense	<u>18,329</u>	<u>17,415</u>	<i>Total Current Liabilities</i>	367,066	305,326
<i>Total Current Assets</i>	383,823	316,204			
<i>Investments</i>			Deferred BENT subscription revenue	67,232	72,396
Unrestricted	10,973,552	10,369,265	BENT life subscriptions	<u>2,268,055</u>	<u>2,229,615</u>
Temporarily restricted	242,744	225,942	TOTAL LIABILITIES	2,702,353	2,607,337
Permanently restricted	<u>452,858</u>	<u>360,858</u>			
<i>Total Investments</i>	11,669,154	10,956,065	<i>Net Assets</i>		
<i>Depreciable</i>			Unrestricted:		
Furniture and equipment	237,941	216,104	Undesignated	1,905,159	1,503,278
Less accumulated depreciation	<u>-154,627</u>	<u>-140,619</u>	Designated	6,833,177	6,650,339
<i>Total Depreciable</i>	83,314	75,485	Temporarily restricted	242,744	225,942
			Permanently restricted	<u>452,858</u>	<u>360,858</u>
			TOTAL NET ASSETS	9,433,938	8,740,417
TOTAL ASSETS	\$12,136,291	\$11,347,754	TOTAL LIABILITIES & NET ASSETS	\$12,136,291	\$11,347,754

life subscribers, their paid fees are transferred on the books to the Fellowship Fund and then are reported as revenue.

The fund balances of the Association increased by \$693,000, mainly because of generous contributions from alumni, excellent earnings on securities, and eight bequests and capital gifts totaling \$104,907. THE BENT Life Subscription Fund balance increased by \$245,000, the General Fund by \$394,000, and the new Charles R. Dodson Fellowship/Scholarship Fund was established at \$92,000 because of a generous capital gift. The annual report details the changes during the year in the other specific funds, many of which decreased after a loss in market value of securities of \$234,000.

Statement of Activities. Chapter and initiation fees (shown less the BENT subscription portion) decreased by \$6,379. Convention revenue consists of chapter assessments for the 1997 Convention, \$10,050 in industrial and alumnus gifts, and \$45,826 from 95 alternate delegates and visitors.

Overall contributions and bequests fell by \$25,814. Total gifts from alumni and matching corporations in the two annual giving programs in 1997-98 amounted to \$683,986 (up 4% from 1996-97). The Association is deeply grateful to the 17,230 members (no change) who contributed during the year.

BENT publication revenue grew by \$46,000 because of record recruitment advertising. Publication normally is a

"profitable" activity when Life Subscription Fund earnings are included. Total earnings on the invested BENT Life Subscription Fund were the highest ever. In 1997-98 the invested fund earned (before trustee fee deduction) \$2.19 per life copy delivered, compared with the previous year's \$1.54. Earnings exceeded cost per life copy by \$1.25.

The record total of interest and dividends in 1997-98 rose by \$412,667. The net loss on investments, unrealized, fell by \$2,026,939 from last year's record gain; changes in market value are now reported as either gains or losses in investments.

The 10 major chapter programs (the first 10 under Expenses) usually show an operating loss. Convention expenses include the cost of attendance by one student delegate from each of the collegiate chapters, alternate delegates, alumnus delegates, chapter advisors, and visitors, but not by national officers.

Expenses for fellowships and scholarships increased by \$42,447 because more awards were made. (Revenue for the Fellowship and Scholarship Program includes as applicable revenue all matching gifts from corporations and alumnus contributions, including those specifically earmarked by donors.) Since the Fellowship Program was inaugurated in 1929, Tau Beta Pi has given and committed \$3,165,395 in stipends to a total of 728 young members. It is the major philanthropic program of the Society and is made possible by gifts from alumni and cooperating industrial firms.

Initiation Fees. Tau Beta Pi's national initiation fee covers the cost of the official badge, membership certificate, copies of the Constitution and Bylaws and Information booklets, a subscription for student members to THE BULLETIN, and a four-year subscription to THE BENT. The national fee, formerly at \$21 during 1972-90 and \$23 during 1990-94, was last increased to \$27 on August 1, 1994. Prior to 1934, it was \$15. In addition, new members are charged an assessment of \$3 for partial support of the annual Convention of the Association. The initiation fee and assessment would be higher if not for the generous gifts from alumni.

Student Loans. Fourteen new student loans were made to members in 1997-98 for a total of \$28,800. Two were for the amount of Tau Beta Pi's initiation fee. Nineteen loans were repaid during the year, and one was written off the books, leaving 63 outstanding on July 31, 1998, with a principal balance of \$99,120. Since inauguration of the loan program in 1932, 1,713 loans have been made to student members for a total exceeding \$713,000.

Editor's Report

THE BENT. During 1997-98 the four issues contained a total of 200 pages, and 391,564 copies of the magazine were available for paid subscribers. This is a 1.2% decrease in paid copies below the previ-

THE TAU BETA PI ASSOCIATION

STATEMENT OF ACTIVITIES

For the years ended July 31, 1997 and 1998

REVENUE	Unrestricted	Temporarily Restricted	Permanently Restricted	1997-98	1996-97
Initiation and chapter fees and fines	\$ 149,701			149,701	156,080
Chapter and individual sales	69,414			69,414	74,877
Contributions and bequests	703,637	63,406	92,000	859,043	884,857
Convention	70,864			70,864	73,026
BENT publication	206,805			206,805	160,787
Life subscription fee transfers	10,527			10,527	13,737
Student loan interest	2,900			2,900	2,556
Miscellaneous	1,392			1,392	1,124
Interest and dividends	1,293,895	66,154		1,360,049	947,382
Gain (loss) on investments	-222,618	-11,407		-234,025	1,792,914
Satisfaction of program restrictions	<u>101,351</u>	<u>-101,351</u>	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL REVENUE	2,387,868	16,802	92,000	2,496,670	4,107,340
EXPENSE					
Program services:					
Chapter and new initiate supplies	201,548			201,548	203,267
Cost of chapter and individual sales	75,215			75,215	76,356
Convention	279,863			279,863	283,920
District Program	162,399			162,399	144,186
Engineering Futures Program	83,521			83,521	70,235
Greater Interest in Government Program	2,604			2,604	3,662
BULLETIN publication	21,384			21,384	21,531
Student Assistance Program	1,023			1,023	1,981
Laureate Program	12,799			12,799	14,809
Advisor Award Program	5,096			5,096	4,983
BENT publication	367,004			367,004	339,921
Fellowship/Scholarship Program	250,034			250,034	207,587
Alumnus Program	11,962			11,962	8,963
Student Loan Program	<u>4,588</u>			<u>4,588</u>	<u>4,292</u>
	1,479,040			1,479,040	1,385,693
General and administrative	97,823			97,823	80,502
Alumni Giving Program	<u>226,286</u>	<u>0</u>	<u>0</u>	<u>226,286</u>	<u>210,452</u>
TOTAL EXPENSE	1,803,149	0	0	1,803,149	1,676,647
CHANGE IN NET ASSETS	584,719	16,802	92,000	693,521	2,430,693
Net assets, beginning of year	<u>8,153,617</u>	<u>225,942</u>	<u>360,858</u>	<u>8,740,417</u>	<u>6,309,724</u>
Net assets, end of year	<u>\$8,738,336</u>	<u>242,744</u>	<u>452,858</u>	<u>9,433,938</u>	<u>8,740,417</u>

Financial statements have been audited.

ous year's circulation total. Engineering and graduate-school recruitment advertising for the year totaled 18.8 pages, a 63% increase from the previous year. Total production cost of the magazine per paid copy was \$0.94, up from \$0.86 the preceding year. Paper costs increased by 8.4%.

New BENT life subscribers added during the year numbered 857 (down 13%) bringing total life subscriptions to 72,215. Of all the life subscribers enrolled since 1929 when the plan was instituted, 5,635 are deceased, and their fees totaling \$158,908.30 have been transferred to the Fellowship Fund in accord with the Constitutional requirement.

An average of 468 copies per issue in 1997-98 was delivered to annual renewal subscribers, 34,815 copies to original four-year subscribers, and 62,608 copies to life subscribers, for a total of 97,891 paid copies per issue. The total number of paid copies for the Summer 1998 maga-

zine was 97,634. THE BENT remains a member of Verified Audit Circulation.

THE BENT carries articles on general professional topics in engineering, news about Tau Beta Pi and its members and chapters, and regular departments. The Association is indebted to the alumni who serve as judges and writers of the Brain Ticklers column: H.G. McIlvried III (chair), F.J. Tydeman, D.A. Dechman, and R.W. Rowland. Publication of THE BENT is a major activity of the national headquarters staff. By Bylaw provision, the Secretary-Treasurer of the Association serves as editor.

THE BULLETIN. During 1997-98 the three issues contained a total of 22 pages, and 35,200 copies were printed. This newsletter is published chiefly for the information of the student members and advisors of the collegiate chapters and is a valuable means of exchanging project

ideas and distributing information and instructions on the operations of the student groups. The Secretary-Treasurer is editor of THE BULLETIN.

Other Publications. A new edition of the Constitution and Bylaws and Eligibility Code of the Association was published in August. The booklet "Information about Tau Beta Pi" was updated and reprinted in October. The President's Book was revised and updated in May, and the Chapter Advisor's Book was revised and reprinted in February. The other Tau Beta Pi descriptive brochures and promotional materials were updated and re-published during the year for chapter use. The Tau Beta Pi web site was improved with much interesting material and is available at: www.tbp.org.

Jim JAMES D. FROULA, P.E.,
Secretary-Treasurer and Editor